

# Illinois Early Learning Council (ELC) Quality Committee

August 8, 2017

## Meeting Notes

Alice Giordano	Erin Liedell	Natalie Vesga
Amanda Heinz	Felicia Finley	Rebecca Vonderlack Navarro
Bethany Patten	Frederick Smith	Safiyah Jackson
Brenda Lee Smith	Gail Nelson	Samantha Aigner Treworgy
Carol Morris	Gail Norse	Teri Lamb
Cathy Main	Joni Scritchlow	Teri Talan
Cerathel Burnett	Judith Walker Kendrick	Theresa Hawley
Chris Bzdon	Karen McCarthy	Toni Potenza
Cindy Mahr	Lauri Morrison Frichtl	Maria Estlund
Collen Bandy	Lisa Downey	Lucy Gomez Feliciano
Cynthia Tate	Lynn Burgett	Emily Kenneally
Dan Harris	Madelyn James	Karen Garibay Mulatter
Deb Widenhofer	Melissa Batchelor	Christina Ozech
Debra Clark	Melissa Johnson	Carmen Garcia
Diana Rosenbrock	Melissa Szymczak	Amanda Cardin
Diane King	Nakisha Hobbs	Marcy Mendenhall

**Welcome** –Teri Talan, Co-Chair

### Review of the Meeting Notes

- Meeting notes approved.

### Recommendation from Senate Bill 1829 Ad Hoc – Teri Talan

- Senate Bill 1829 was introduced by State Senator Toi Hutchinson to address the shortage of Preschool for All teachers.
- SB 1829 Ad Hoc work group began by developing Guiding Principles for this work (attachment 1)
- Overview of committee discussions to more fully support the field/strategies to support implementation shared by Theresa Hawley (attachment 2)
- Recommendations for SB 1829 (attachment 3). Discussion:
  - City of Chicago tries to abide by state rules, but it is separate. Perhaps the recommendations could be directed toward both ISBE and the City of Chicago.
    - Can address this by legislative language specifying these recommendations are to be uniformly applied within the state
  - If (when) these recommendations go forward, will want to plan on capture of data to evaluate the impact of these recommendations in the field.
    - Could use the Educator Licensure Information System (ELIS) system to track teachers in PFA programs.
  - ISBE will need to determine whether these recommendations can be implemented via change in administrative rule or through legislative action.
    - Most expedient solution is to increase opportunities for teachers to meet qualifications to work in PFA programs by expanding emergency rule.
  - Should additional language be added regarding the TAP test as a barrier?
    - The charge to this committee from the ELC Executive Committee and from Senator Hutchinson is to develop (immediate) recommendations to expand PFA teacher education requirements. Longer term strategies must be developed which would include the TAP test (and other

concepts) to expand and diversify the pipeline. Those will be worked on next in partnership and with support from the ELC Executive Committee.

- Note: ISBE is now having conversations across departments to review the TAP. A review of the TAP is already in progress within ISBE.
- Setting aside ECBG funds to support development of pathways for teachers to move from a Type 29/Provisional License and/or ECE Level 5 to a PEL with early childhood endorsement is another strategy that must be fleshed out if these recommendations move forward.
- There has been a significant decrease (from 34,000 to 14,000) in the number of students who indicate an interest in education. We must develop long-term strategies to address the pipeline erosion.
  - This must be a priority for “next steps” for this group.
  - Motion to accept the SB 1829 recommendation was made – seconded. Recommendations approved.
  - The SB 1829 recommendation will be brought to the ELC Executive Committee for review and possible approval at their August 28<sup>th</sup> meeting.
  - ISBE must be encouraged to put these recommendations in place immediately if this is approved by the ELC Executive committee later this month.

#### **Children’s Cabinet Workforce Project – Cynthia Tate**

- Reviewed Attachment 4
- 1C: Data showing that ECE Level 1 Credential does not necessarily have an impact by moving individuals into the profession and on to a Level 2.
  - Look at building the Level 1 in coordination with the CDA.
  - In addition, work is underway in Chicago on building dual credit/dual enrollment coursework between the city colleges and high schools around early childhood. (Could potentially provide a pathway for a graduating high school student to have completed college coursework for a Level 2 depending on observation time).
- 1B: Focus is on providers who have been in the field for an extended time period. Surveys will be sent to families who have used licensed exempt services for longer periods of time as well as longer term providers. The challenge is to build a stronger infrastructure to support them in advancing their education with courses and trainings.
- 1D: An Ad Hoc group under IDHS cross-walked the CDA (Preschool/ECE) training requirements with CCDBG. Additionally - the Infant Toddler CDA and Family Child Care CDA were cross-walked with CCDBG training requirements. DHS has taken recommendations under advisement as to whether the CDA meets CCCBG new training requirements.
- 1F: Messaging differently, let people who are interested in the field to know it is a viable career. Additional messages need to be created that will package early education of the importance of the workforce and sell it to entities outside of early education.
- Cathy Main presented information on **Early Childhood Workforce Supply and Demand Survey Summary**.
  - Implemented a supply and demand survey related to hiring and retention of qualified early childhood staffing.
  - Survey findings will be shared with the Children’s Cabinet in September. Data will be divided between urban, suburban and rural.
  - Response from more than 700 who are responsible for hiring staff.
  - Will compile information regarding what are the gaps and what is the supply of available teachers as well as barriers to hiring.
  - Used open ended question in the survey, had a phenomenal response to these questions.

#### **Child Care Tax Credits – Dan Harris**

- Tax Credits as an ECE Financing Strategy (attachment 5)
- Are tax policies an appropriate topic for a future Quality Committee meeting to review and discuss?
  - The big idea coming from these different states is to raise the profile of quality among consumers. (Incentivize parents to choose quality programs).
- Teri and Dan will follow-up with Jeff Nagle at Erikson who was part of the projects/studies for Louisiana and Nebraska.

## Report from State landscape/National Initiatives

- **Governor's Office of Early Childhood Development** – Cynthia Tate
  - The Developmental Screening Initiative is being coordinated by OECD and key agencies/organizations. Stakeholders met to better understand the development screening system.
  - A team has formed to focus on priority areas. Partnering with Chapin Hall, the Office of Juvenile Justice and Delinquency Prevention and the American Institute of Research who are doing work with Illinois, Washington, and Connecticut to look at various ways a trauma lens can be brought to a cross system issue.
- **Illinois Department of Human Services** – No report
- **Illinois State Board of Education** –Lynn Burgett and Karen McCarthy
  - The RFP for Preschool for All Expansion is available and can be found as an RFP resource on the ISBE website. The intent to apply section is open for submissions until September 8, 2017. The intent to apply MUST be filled-out to gain access to the electronic full grant.
  - Prevention Initiative RFP should be released before the end of August.
  - The re-compete RFPs should be released late fall/early winter.
  - Kindergarten Individual Development Survey (KIDS) is starting full implementation statewide this school year. Every “area” of the state will have a coach. The coaches will provide trainings for new teachers and one-on-one coaching if requested by the district.
  - The Pyramid Model Leadership Team held its second meeting.
- **Illinois Community College Board** – No report
- **Illinois Board of Higher Education** – No report
- **Illinois Department of Children and Family Services** – Carol Morris
  - Fall Provider Forums are currently in the initial planning stages.
  - The statewide Monitoring and Licensing Advisory Council meeting will be held August 17, 2017.
  - Now in the user acceptance testing phase for the mobile monitoring application.
  - Working to be in compliance with Public Act 990922 (lead/water testing). In partnership with the Department of Public Health, will send a survey to licensees asking about the date of their building construction to create a data base of how many providers will need their water tested. DCFS will then write the policy guide that will turn into rule amendment.
- **Illinois Head Start Association** – Lauri Morrison Frichtl
  - A new assessment tool (Parent Gauge) has been developed by the University of Chicago to measure family engagement.
  - Waiting on the Office of Head Start to develop a new monitoring system to move from a compliance based system to a performance based system.
  - **Professional Development Advisory Council (PDAC)**– Deb Widenhofer
    - Movement from benchmarks to competencies across all Gateways Credentials continues for 2- year and 4- year higher education institutions.
    - PDAC meeting with ACCESS and ILAECTE will be September 15, 2017.
    - The PDAC Annual meeting will be held on November 17, 2017.
  - **City of Chicago** – Samantha Aigner-Treworgy
    - Releasing our aligned policies and procedures for community based agencies by the end of August. The documents will be available on-line.
  - **Advocacy**
    - Waiting to see whether the Governor will sign the Expulsion Bill.
    - Hope the Governor honors the goal that Child Care Assistance Program eligibility returns to 185% FPL. At this time, it has not been approved.

Illinois Early Learning Council Quality Committee FY18 and initial FY19 meetings will be held:

- **Tuesday, December 19, 2017**
- **Tuesday, April 24, 2018**
- **Tuesday, July 31, 2018**

**Revised Guiding principles for SB 1829 Ad Hoc Committee recommendations:**

1. We are committed to ensuring well-qualified teachers for all children enrolled in a PFA program regardless of setting (public schools, Head Start, community-based organizations).
2. We are committed to a coherent set of policies and rules for all PFA programs struggling to address a teacher shortage (teachers with PEL in ECE).
3. We are committed to finding both short-term solutions (e.g., expansion of the emergency rules) and long-term solutions (e.g., alternative licensure; changes/alternatives to the TAP) solutions to the teacher shortage.
4. Recommendations for long-term solutions will include **total** compensation parity for comparably qualified PFA teachers (with PEL in early childhood education) working in the public and private sectors.
5. Recommendations for solutions will be evidence-based.

Reviewed 7.26.17

Addition noted in red

**Background – shared by Theresa Hawley, IAFC**

In order for these emergency rules to successfully contribute to solving the long-term need for more PEL teachers with EC endorsements, ISBE must work with IBHE and institutions of higher education in FY18 to:

- Develop and accredit subsequent endorsement programs for teachers who currently hold a Professional Educator License (PEL) but need a core of ECE coursework with related field-based experiences leading to an ECE endorsement
- Develop and accredit licensure programs that provide non-licensed B.A. level ECE teachers with the opportunity to earn a PEL with an ECE endorsement over an agreed upon period of time (3-4 years) *while working in the field*. PEL programs can be designed to lead to a Master's Degree or not.

To ensure these licensure programs are developed and that students can afford to attend:

- ISBE should invest Early Childhood Block Grant funds in a partnership with IBHE to support Institutions of Higher Education to create new program models that lead to teacher licensure with an ECE endorsement
- ISBE should invest Early Childhood Block Grant funds in scholarships (including cohort-model scholarships) to support teachers' completion of these programs

To ensure that the field is attractive to potential candidates, and to minimize problem of teachers leaving Community Based Organizations upon completing licensure:

- ISBE should adopt as part of its FY19 RFP process a compensation parity policy that requires Preschool for All and Preschool Expansion providers to demonstrate that their salaries for licensed ECE teachers align with local public school pay scales for positions that require a similar qualifications

### **8.2.17 Revised DRAFT RECOMMENDATIONS FOR SB 1829**

Recommendations for Senate Bill 1829 to address short term challenges in hiring qualified staff by increasing the pool of available teachers for PFA classrooms through expanding the Emergency Rule (attached).

**Currently: A teacher of preschool children in the PFA program may alternatively meet one of the following requirements:**

- 1. A teacher must hold a current Professional Educator License (PEL) with an Early Childhood endorsement, or**
- 2. Under ISBE Emergency Rules 25.430 *Short-Term Approval for Teachers at All Grade Levels*—**

**A teacher must hold a current PEL and have passed the ECE content test or have 9 semester hours of ECE course content, or**

#### **PROPOSED ADDITIONS:**

**3. A teacher must hold a current Illinois Gateways to Opportunity ECE Credential Level 5 and obtain a PEL with an Early Childhood endorsement within five years of hire, or**

**4. A teacher must hold a Type 29 Transitional Bilingual License and have passed the ECE Content Test or have 9 semester hours of ECE course content and obtain a PEL with an Early Childhood endorsement within five years of hire.**

In Part 25, ISBE modified the current rules on short term assignments. *Section 25.430 states that a teacher with nine credit hours in a content area may teach in that content area and has three years to complete the coursework requirements for the endorsement. In order to ensure that districts have the greatest flexibility, districts can either use the nine-hour requirement or successful completion of an appropriate content test.*

**Background #3:** The Illinois Gateways to Opportunity ECE Credential Level 5 requires a bachelor's degree and 30 semester hours of ECE content. There has been significant work on the development of a coherent system of ECE credentials, based on competencies and shared assessments. The Illinois Gateways Credentials are in Administrative Rule allowing for the systemic embedding of these credentials into early childhood program requirements. ISBE recognized the credential's concentration of ECE content knowledge when it required, through Part 26, that all Illinois teacher preparation programs leading to a Professional Educator License with an early childhood endorsement must integrate the Gateways ECE Credential Level 5 content into their approved programs by July 2019.

**Background #4:** The Illinois State Board of Education (ISBE) allows the Type 29 Transitional Bilingual License as a pathway to teaching transitional bilingual courses in a Pre K-Grade 12 setting and English as a Second Language (ESL) in Kindergarten – Grade 6. Allowing PFA programs to employ Type 29 teachers recognizes that home language serves as an essential medium for a child to meaningfully access ECE experience. To ensure consistency in quality through early childhood specific preparation, it is proposed that PFA Rules accept the Type 29 licensure with the additional requirement that either the teacher have 9 semester hours of ECE course content or pass the ECE Content Test. See link <https://www.isbe.net/Pages/Educator-License-with-Stipulations.aspx>

Project Definition and Plan										
Provide IL children with high needs quality early care and education by: 1) Increasing the number of ECE professionals and trained caregivers, including those from diverse populations, and; 2) Creating clear pathways to increasing career opportunities										
			Sub-Tasks/Activities by Quarter (Calendar Year)							
	Team Responsibility	Status July 2017	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Strategy 1: Build a "pipeline" to attract and retain qualified, diverse caregivers										
1A: Increase the number of bilingual/ESL endorsed teachers from 600 to XXX	ISBE(Sergio), Ounce (Joyce W), OECD	Convened meetings with ISBE licensure, Div of ELL, EC, and key stakeholders.		Workgroup convened by Latino Policy Forum 5/31. Shared info about alternative programs and discussed policies that create obstacles to creating a pipeline of bilingual teachers. To do: Add Karen or Rebecca from LPF to Working Team	Meeting with ISBE licensure, Div of ELL, EC, and key stakeholders. Work to offer Level 1 ECE at high schools with seal of biliteracy					

1B: Reduce the turnover rate among license exempt providers from 70% to 50% by offering incentives to achieving level 2 and level 3 credentials with a focus on Infant Toddler credentials	IDHS (Payne), INCCRRA (Joni Scritchlow), ICCB (Becker), OECD (Nelson/Stohr),	Proposed distribution of survey in Q3 and focus groups in Q3 or Q4. Workgroup planning to meet again to determine questions and survey/focus group design. Workgroup will include providers, researchers, INCCRRA, IAFC, etc.		ECE Workgroup sub-committee met 6/12/17. Action Steps: Convene workgroup to look at turnover rate from historic & systemic perspective; develop questions for survey & focus groups taking into consideration reasons why providers stay, leave, family chose license exempt care & stayed with it vs left it; hold regionalized groups & review all hours of care; match information from Gateways Registry with focus group & survey info/results; review policy & revise, conduct outreach strategy and offer supports to the provider; establish a strategic career pathway with structured steps around the data collected through the survey and focus groups.	Develop and distribute survey providers who have left the system by 8/2017.	Hold LE provider focus groups and determine actionable items based on data collected. Develop plan with community colleges.				
1C: Increase ECE Credential Level 1 high schools from 78 to 100	OECD (Tate), CDD (Mercer-Schiedler), INCCRRA (Beth Knight, Dan Harris), City of Chicago (Sam A-T)	CPS does not currently have capacity of appropriately credentialed teachers to roll out program, and rolling out without appropriately credentialed instructors would jeopardize CCC accreditation.		Convene meeting with IDHS, INCCRRA, and City of Chicago to develop outreach plan. 2 Teacher trainings in June for 50 to train in fall; CPS looking to offer Levels 1 and 2 for college transition prior to HS graduation. CPS looking into capacity of teachers to roll out this program						



<p>ID: Train up to 10,000 Child Care providers to earn ECE Credential Level 1 (health and safety, plus basics of child development)</p>	<p>IDHS (Payne), INCCRRA (Joni Scritchlow), ICCB (Becker), OECD (Nelson/Stohr), IAFB (Bryan Stokes), Village Leadership Academy (Nekisha Hobbs), City of Chicago (Sam A-T to name), Ounce (Gail Nourse), Cathy Main</p>	<p>Johnna Darragh from Heartland Community College has completed the family child care and school age CDAs. There is a call set up to discuss data comparison and to conduct a system download from City of Chicago system into Gateways.</p>	<p>Ensure ECE Level 1 Training available, both face-to-face and online</p>	<p>Spanish online and mobile app training on target and available in May, 2016. Subcommittee completed crosswalk of CDA training requirements with CCDBG training requirements. Met 6/20/17 determined an additional alignment of the Infant Toddler CDA to CCDBG training requirements will be completed. Two areas not in the CDA standards (prior to the Inf Toddler alignment) are SIDS and Shaken Baby. Final recommendation will follow the Inf Toddler CDA alignment. Next step will be to work with INCCRRA to capture training credit for training completion. Will alignment process with Family Child Care DCA and School Age CDA. Providers will be given credit for age appropriate training completion in compliance with CCDBG regs. Centers and homes notified of requirement. IDHS working with with CCR&amp;Rs to implement. Level 1 online training now available in Spanish. Johnna</p>	<p>Health &amp; safety training completed by 9/30/17. Complete data comparison &amp; interface between City of Chicago training tracking system and Gateways Registry (INCCRRA, City of Chgo, Anne Wharff.) Upon finalization crosswalks, develop communications/ notices utilize social media, email providers &amp; families of training requirements - Gail Nourse, Anne Wharff</p>	<p>Develop communications/notices and utilize social media, email, etc., to notify providers and families of training requirements</p>	<p>Develop communications/ notices and utilize social media, email, etc., to notify providers and families of training requirements - Gail Nourse, Anne Wharff</p>	<p>Develop communications/ notices and utilize social media, email, etc., to notify providers and families of training requirements</p>	<p>Level 1 ECE credential requirements in effect 9.30/18. Develop communications/ notices and utilize social media, email, etc., to notify providers and families of training requirements</p>	
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1E: Increase the pipeline of PEL teachers with an early childhood endorsement from XXXX to XXXX using alternative pathways to licensure.	Illinois Action for Children (Bryan Stokes), NLU (Teri Talon), UIC (Catherine Main), City of Chicago (Samantha Aigner-Treworgy), ISBE (Terri Lamb), Village Leadership Academy (Nakisha Hobbs)	Strategy may benefit from rewriting to emphasize alternative pathways rather than alternative licensure. Terri Lamb is working with Marcie to crosswalk and align requirements for Level 5 and PEL. Working Team should consider lending support to SB 1829 recommendations. Cathy Main will take first pass at developing toolkit for providers involved in grow your own; then, the group will field test with providers.	Obtain any available data on current use of alternative licensure programs and any barriers to increased use.	Develop strategy increase use of alternative licensure and target populations (elem teachers, out-of-state teachers, career changers & others). Strands for further exploration: Level 5 to PEL Crosswalk alignment T. Lamb will ask what is path to possible alignment increasing teachers with PEL? Existing structure to student teach in own center creation of toolkit on how to supervise a student teacher; choosing candidates for this, etc. Discuss with ILCATE Chicago Deans & Center staff - document to lay out req. for centers & institutions to sell on idea ("grow your own"). Career change - alt. licensure/cert. Any viable programs? T. Talan will check. Workgroup formed, developed summary (provided at 5/25 meeting). Meeting to be convened by mid-June.	Identify potential external partners to support and promote alternative pathways. * Subsequent lic. from other grades - add Nancy Latham to group?					
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1F: Develop broad messaging campaign to promote early childhood careers, focused on PEL attainment, in partnership with institutions of higher education. Target traditional and non-traditional populations. Advance narrative of increasing demand for PEL teachers (increases to ECBG) and salaries comparable to K-5 teachers.	ISBE (Terri), Bryan Stokes	Workgroup to be convened to a) identify WIOA exception language, b) develop messaging for exception language dissemination to IHEs, c) identify appropriate audience and resources for messaging campaign topics brainstormed previously (may want to incorporate outside entities, such as WIBs, into this group).	Obtain data on IHEs using WIOA statewide exception to support ECE programs.	Identify target audience for and resources to support a messaging campaign. Convene workgroup to develop key messages.		Outreach to potential partners and external stakeholders; develop messaging options for multiple purposes				
Strategy 2: Provide "pathways" to create career opportunity and promote movement										
2A: Education Reimbursement Initiative: provide 200 scholarships for EC professionals to remove barriers to higher education	OECD (Stohr), INCCRRA (Toni Porter)	Reimbursements being paid out. Demographic analysis & initial report shared with Working Team at last meeting. Could consider combining demographic analysis and initial report with IBHE graphics to create one-pager report on the work and its outcomes.	Outreach, accept applications for \$250,000 fund for Ed reimbursements	295 complete applications received, requesting \$660,00 in reimbursement. As of June, reimbursements being paid out to 183 individuals ranging from \$69 to \$7,500.	Analyze information collected through application and share report with Working Team	If additional funds available, continue disbursements				

2B: Level 1 to Level 2 transition: (1) Develop recruitment strategies; (2) pursue rule changes to ease level 2 requirements; (3) create assessments that would award credit for prior learning (PLA)	IDHS (Cindy Wall) ICCB (Ashley Becker) DCFS (Carol Morris) PDAC (Masha Hawley) INCCRRA (Joni Scritchlow) NLU (Teri Talan) IBHE (Stephanie Bernoteit)	Clarity: no restriction around using combined credit to gain Level 2 credential, so no rule change necessary. Drafted language encouraging providers with Level 1 credential to apply for Level 2 and pulled mailing distribution lists through INCCRRA, with plans to send out around late August via INCCRRA.	Determination if rule change necessary. Explore possibility of increasing the number of training points from assessment of prior learning	Target mailing to providers currently holding an ECE Level 1 and as providers receiving CCAP payment complete Level 1, provide information on the Credential framework	Compile PLA methods currently in use in IL & national models that may be replicable; in partnership with IBHE & ICCB, identify supports to promote successful strategies	Exploration of methods for assessment of prior learning complete				
2C: Level 2 to Level 3 transition: support community colleges to increase the availability of EC focused math classes that meet the credit-bearing math requirement for the Level 3 credential Note: does this strategy accurately reflect the work being led by ICCB's workgroup? This may need to be revised.	ICCB(Becker), NLU (Talan), Karen Weiss, IBHE (Bernoteit)	Completed two webinars, with combined 70-90 person participation. Math requirements have been aligned and approved by IAI GECC (this work was done prior to Children's Cabinet through PDAC and other groups), and do not need to be approved through IMACC. Thus, while this strategy accurately reflects the scope of work being led, it needs to be updated to reflect current and upcoming efforts. This will be done at next strategy group meeting.		ICCB will analyze 48 community college ECE programs and review their specific math requirements. If changes are necessary the ICCB will begin discussion with the IAI GECC Mathematics Panel. Panel will give feedback on whether or not those changes would affect transfer from the 2-year to 4-year. As of June, workgroup developing two webinars for smoothing transitions. First geared towards counselors and admission advisors to give an overview of the ECE field as a viable option for students. Second geared toward faculty re: best practices to develop online/hybrid models to increase enrollment and completion. Will also cover transfer and articulation as well as innovative ways to engage with the workforce to strengthen job placement and credentialing.	If the panel approves changes, ICCB will begin work to present changes to the Illinois Mathematics Association for Community Colleges(IMACC) for approval. This work will include data on level 2 to level 3 retention and completors, as well as attrition data. Webinar to be conducted.	ICCB will present data, supporting the need for a change to the mathematics requirements, to the Curriculum Committee for IMACC.	IMACC will vote in the Spring on Mathematic Curriculum Changes (if needed)	ICCB will lead implementation across all 48 community colleges, who have ECE program, if it is found that mathematic requirements need to change. If changes are not needed, ICCB will require all 48 community colleges, who have ECE programs, to evaluate program's current mathematics requirement and make changes if requirements do not align to Gateways Level 3 requirements.		

Strategy 3: Build upon existing information systems that collect and provide data to inform workforce development efforts										
3A: Develop data analytic capacity to track movement of workforce through pathways	DOIT (Wang), OECD (Rosemond), Gov (Zwiener), Urban Labs (Patten), INCCRRA (Whitehead)	Data workgroup met 8/3. Developed project plan and assigning task owners, milestones, and timelines. Collected baseline data from XXXX agencies.		Build understanding of existing data systems and make recommendations for enhancements and linkages		Report from IBHE-ICCB-Gateways matching project				

## Tax Credits as an ECE Financing Strategy: A Provocative Conversation

Louise Stoney  
Co-Founder, Opportunities Exchange  
Simon Workman,  
Associate Director, Early Childhood Policy,  
Center for American Progress  
2017 QRIS National Meeting  
Dallas, Texas

### LA Tax Credits by Type: Family, Provider and Staff

Type of Credit	Child Care Expenses (Family)	Provider	Directors & Staff
2014 Amount	\$3.2M	\$4M	\$8.1M
# of Recipients	14,500 Families	405 Providers	3,770 Directors & Staff
% Increase in Recipients Since 2008	~200%	~200%	~300%
Avg Per Recipient	\$221	\$9900	\$2150
How Determined	<ul style="list-style-type: none"> <li>Families are eligible for tax credit based upon the quality rating of the center.</li> </ul>	<ul style="list-style-type: none"> <li>Providers receive a tax credit based on the number of children they serve in CCAP or foster care.</li> </ul>	<ul style="list-style-type: none"> <li>Based on education level (4 levels - CDA through Masters)</li> <li>Must work at a center in rating system (at least 6 months)</li> <li>Star rating does <u>not</u> impact this credit.</li> </ul>
Features	<ul style="list-style-type: none"> <li>Refundable</li> <li>Builds on existing state child care tax credit, from 50 - 200% based on rating and income</li> </ul>	<ul style="list-style-type: none"> <li>Refundable</li> <li>From \$750 - 1500 per CCAP child based on star rating</li> <li>For-profits and non-profits are eligible</li> </ul>	<ul style="list-style-type: none"> <li>Refundable</li> <li>From \$1630-3260 based on education level</li> <li>Adjusted annually based on CPI</li> </ul>

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### LA Tax Credits by Type: Business and Resource & Referral

Type of Credit	Business Support	Resource & Referral
2014 Amount	\$403K	\$370K
# of Recipients	57 Businesses	190 Businesses
% Increase in Recipients Since 2008	~75%	
Average Per Recipient	\$7040	\$4370
How Determined	<ul style="list-style-type: none"> <li>Employers receive a credit for percentage of "eligible child care expenses" based on the quality rating of the center (e.g., construction, slots for employees)</li> </ul>	<ul style="list-style-type: none"> <li>Employers may claim a tax credit for up to \$5,000 in grants to child care resource and referral agencies</li> </ul>
Features	<ul style="list-style-type: none"> <li>Refundable</li> <li>Percentage ranges from 5 - 20% based on star rating</li> <li>Maximum expense is \$50,000 (w/credit as percentage)<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>Credit is dollar for dollar</li> <li>Maximum is \$5,000</li> <li>Not refundable</li> </ul>

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### 5 Key Things to Know about Louisiana Tax Credits

#### Here are five key lessons or takeaways.

1. They are maximizers.  
They help maximize other funding by serving as state MOE and match for CCDF by encouraging local investment and by incentivizing quality (and enabling improvement) within child care assistance.
2. They drive improvement.  
They helped increase the number of child care centers participating in the state quality rating system and the increased number and proportion of centers rated at higher levels; the increased number of child care directors and staff who are credentialed and the increased number and proportion of directors and staff rated at higher levels; and the increased number and proportion of lower-income children enrolled in higher-quality-rated child care centers.
3. They are (almost) untouchable.  
They are established in legislation which makes them less vulnerable to political pressures.
4. Accountants and tax preparers are their best friends.  
Usage of credits occurred and increased when and where accountants and tax preparers encouraged people to take advantage of them.
5. They didn't cover the cost of inputs of quality, resulting in a cluster of mid-level quality centers. And we don't know the impact on child outcomes.

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## Overview of School Readiness Tax Credits

**Funding for School Readiness Tax Credits (SRTC), which serves as State Match for CCDF, has increased 350% (\$4 million to \$14 million annually) from 2008 to 2012.**

These tax credits, which were written into law following an extensive statewide engagement and advocacy, have incented:

- Families to choose quality rated centers;
- Providers to serve vulnerable, at-risk children whose parents could not otherwise afford quality care;
- Directors/staff to pursue additional education or credentials so they will provide better interactions and instruction; and
- Businesses to donate to child care and/or resource and referral centers in order to help improve quality of programs.

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- Credits originally designed as a financial incentive for Quality Start (the LA QRIS)
- Linking tax credits to quality was crucial to demonstrating results and ensuring gov't money was well-spent
- Tax credits survived many changes over three administrations
  - Under Jindal Administration, QRIS replaced with a new accountability system. But tax credits remained in effect and were linked to the new accountability system.

## Nebraska School Readiness Tax Credits

Credit for the ECE Workforce	
Dept of Ed Classification	Tax Credit
Level 4	\$1,500
Level 3	\$1,250
Level 2	\$750
Level 1	\$500

For more information on each tax credit visit: [www.childrensmovement.com](http://www.childrensmovement.com)

Tax Credit for ECE Programs	
QRIS Level	Tax Credit (per eligible child)
Step 5	\$750
Step 4	\$500
Step 3	\$250
Step 2	n/a
Step 1	n/a

## Going Forward: Key Considerations

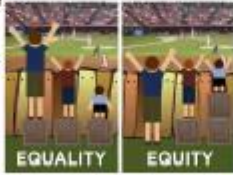
The ability to accurately estimate cost of tax credits with accuracy (to craft fiscal note) is key.

- How many providers and practitioners are likely to actually reach higher quality over time?
- How many are likely to claim credits?
- How will this affect consumer behavior vis-à-vis parental choices and subsequent tax claims?

An accurate fiscal note matters a lot – State fiscal staff is very likely to over-estimate costs and elect to limit benefits (e.g. Nebraska experience).

## An Equity Strategy?

- Every practitioner has access to the LA Credit for Directors and Teachers if they obtain credential and work in a center that participates in the accountability system.
- By 2020, teachers with ancillary teaching certificate + 2 yrs in field will be eligible for max credit (~\$3,300 annually) while credit for other credentials remains constant.
  - This gives child care classroom teachers a needed 'leg up'



## CAP's Child Care Tax Credit Proposal

- Proposal published in Fall 2015
- Uses tax credits as a mechanism to increase access to high-quality programs for low-income and middle class families
- Key components
  - Provides up to \$14,000 per child per year
  - Families under 400% FPL eligible for tax credit
  - Family contribution on sliding scale, from 2%-12% of income
    - Range from \$660 per year (under 133% FPL) to \$11,640 per year (300-400% FPL)

## CAP's Child Care Tax Credit Proposal

- Key components (continued)
  - Advanced and refundable
    - Families don't have to front the value of the tax credit
  - Paid directly to providers
    - Paid in real time on a monthly basis
  - Requires states to include compensation standards in QRIS
    - Wage floor of \$34,000 / \$16 per hour build into proposal
  - Supports increasing the supply of high-quality programs
    - Creates market incentive for high-quality
    - Redirects existing CCDBG funding to invest in expanding capacity of high-quality providers and encouraging providers in child care deserts

Full proposal available at: [www.americanprogress.org/issues/early-childhood/cries](http://www.americanprogress.org/issues/early-childhood/cries)

## Core Principals of CAP Proposal

- Funding incentivizes quality
- Funding reflects the cost of quality
- Workforce compensation addressed directly
- Includes investments for infrastructure and building supply of high-quality programs
- Promotes parent choice

## Discussion

- Only a handful of states have tried to replicate this very effective financing strategy.
  - Can we put tax credits on the table as a viable alternative financing strategy?
  - Why or why not?
- ECE advocates (nationally, and in other states) haven't pushed this strategy as a way to take wage subsidy to scale.
  - What would it take to shift the conversation?

## Tax Credits for ECE Finance: Pros and Cons

Pros	Cons
<ul style="list-style-type: none"><li>• Reach</li><li>• Stability</li><li>• Efficiency</li><li>• Flexibility</li><li>• Can address multiple issues – affordability, workforce compensation, provider quality.</li></ul>	<ul style="list-style-type: none"><li>• Credit amounts need to be sufficient to impact behavior</li><li>• Learning curve to help providers/families/tax preparers understand</li><li>• Families still have to make initial outlay</li><li>• If not refundable, won't help lowest income families or practitioners</li></ul>

DRAFT